



DEBRA K. DAVENPORT, CPA  
AUDITOR GENERAL

STATE OF ARIZONA  
OFFICE OF THE  
AUDITOR GENERAL

WILLIAM THOMSON  
DEPUTY AUDITOR GENERAL

July 3, 2008

The Honorable Tom Horne  
Superintendent of Public Instruction  
Arizona Department of Education  
Executive Officer  
Arizona State Board of Education  
1535 West Jefferson Street  
Phoenix, AZ 85007

**Subject: Clifton Unified School District No. 3**

Dear Mr. Horne:

We issued a compliance review report in July 2007 informing Clifton Unified School District No. 3 that it had not complied with the *Uniform System of Financial Records* (USFR). Recommendations to correct the deficiencies were described in our report. The District was given 90 days to implement the recommendations in our report.

We subsequently performed a status review of the District's internal controls as of February 15, 2008. Our review covered the deficiencies we had previously communicated to management. The purpose of our status review was to determine whether the District was in substantial compliance with the USFR as of the date of our review. Our review consisted primarily of inquiries and selective testing of accounting records and control procedures. The review was more limited in scope than would be necessary to express an opinion on the District's internal controls. Accordingly, we do not express an opinion on its internal controls or ensure that all deficiencies were disclosed.

Based on the number and nature of the deficiencies noted in our status review and our review of the District's audit reports and USFR Compliance Questionnaire for the year ended June 30, 2007, which we received subsequent to the completion of our test work, we determined that Clifton Unified School District No. 3 still has not complied with the USFR. We also noted that the auditors qualified their opinion on the District's financial statements for the year ended June 30, 2007, because the District did not maintain adequate records of its capital assets. Therefore, we request that the Arizona State Board of Education take appropriate action as prescribed by Arizona Revised Statutes §15-272. The District's deficiencies and our recommendations are described in the enclosed status review report issued June 26, 2008, notifying the District of its continued noncompliance.

The Honorable Tom Horne

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If you have questions concerning this matter, please call Magdalene Haggerty, Accounting Services Director, or me at (602) 553-0333.

Sincerely,

Debra K. Davenport  
Auditor General

DKD/MH/ms

Enclosure

cc/enc: Governing Board

Dr. Terry Bentley, Superintendent

Clifton Unified School District No. 3

The Honorable Tom Powers, Greenlee County School Superintendent

Mr. Vince Yanez, Executive Director

Arizona State Board of Education

Ms. Vicki G. Salazar, Associate Superintendent of Financial Services

Arizona Department of Education